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World Production and Trade

United States
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Weekly
Roundup

WR 18-86

May 7, 1986

The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following developments in world agriculture and trade.

OILSEEDS AND PRODUCTS

Malaysian Palm Oil Exports Up From Earlier Estimates. Malaysia's palm oil exports during January-March 1986, at 967,000 metric tons, were up from earlier estimates of 884,000 tons, according to the U.S. agricultural attache in Kuala Lumpur. The sharp increase in exports, especially to Pakistan, has helped reduce marketing year (October-September 1985/86) second quarter ending stocks to 812,000 tons, down 34,000 tons from the first quarter level.

Poland's Soybean Imports Forecast To Be Up in 1986/87. Poland's soybean imports are forecast to jump to 100,000 tons, up from the 1985/86 level of 35,000 tons, according to the U.S. agricultural attache in Warsaw. Domestic rapeseed production is expected to be smaller in 1986. Total imports of protein meal are forecast at 1.3 million tons, a slight increase of 5,000 tons over last year.

Venezuela Gives Preferential Trade Treatment to Argentina and Uruguay. Venezuela has signed bilateral trade agreements with Argentina and Uruguay which possibly include oilseeds and products. To assist in making products from these countries more competitive, Venezuela is considering allowing the use of a preferential foreign exchange rate to cover shipping costs. Previously, Venezuela has only allowed a preferential rate of up to 10 percent of the f.o.b. value of the commodity, regardless of the origin. If the preferential exchange rate for full freight costs of shipments from Argentina and Uruguay is implemented, a substantial switch in import origins away from the United States could occur. Venezuela is an important market for U.S. soybeans, soybean meal, cottonseed oil, soybean oil and sunflowerseed oil; U.S. exports of oilseeds and products to Venezuela during fiscal 1985 totaled \$286 million.

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TOBACCO

Spain Raises Prices of Some Tobacco Products. Under an order published March 20, 1986, Spain has increased the price of certain domestic tobacco products. The increase, an average of 10 percent, is 1.9 percent above the inflation rate in 1985. Increases for domestically produced dark cigarettes rose 13-15 percent, American-type or blond cigarettes went up only 8.8 percent on average, and the prices of imported products did not rise at all. The new price structure is expected to have a moderately negative effect on the overall consumption of domestically produced cigarettes. The price increase will accelerate the trend toward American-style cigarettes. Likewise, imported cigarettes will likely increase in market share. These changes should help increase the overall demand in Spain for American leaf, whether in the form of imported cigarettes or in domestically produced American-style cigarettes. Spain is the third largest customer for U.S. leaf exports, accounting for \$135 million in sales in 1985.

SUGAR

World Sugar Output Forecast To Be Up. World centrifugal sugar production in 1986/87 is forecast at 100.5 million tons (raw basis), 4 percent above the revised 1985/86 estimate of 96.5 million. The largest regional increases are expected to occur in the Caribbean and Asia, each up 10 percent from 1985/86. World production of sugar from cane is forecast at 64.2 million tons and sugar from beets at 36.3 million tons. Unfavorable weather delayed the planting of beets in the European Community, especially in France. Moisture conditions in general are favorable in most major cane-producing countries.

Sugar production in the European Community, representing 14 percent of the world total, is forecast to decrease 4 percent below last year's outturn. Harvested area for sugarbeets is forecast at 1.88 million hectares in 1986, 1 percent less than last year. In other West European countries, production is expected to be down nearly 15 percent due to a sharp decline in Austria's beet area. In Eastern Europe, about the same amount of sugar is expected to be produced in 1986/87 as last season.

Sugar production in the Soviet Union is forecast at 8.5 million tons, 9 percent above the 1985/86 harvest which was reduced by disease problems. In 1985/86, there was a 750,000-ton decline in production in the Ukraine and a 50,000-ton drop in Moldavia. Soil moisture supplies this year were adequate for planting. The area under the intensive cropping technology (ICT) program now covers nearly three-fourths of the total seeded area. However, total area in sugarbeets has declined steadily since the 1970's and this trend is unlikely to change. Current forecasts do not consider possible impacts from the Chernobyl nuclear plant accident in the Ukraine.

In Brazil, the world's largest sugar producer, production is forecast to increase 7 percent to 8.8 million tons. The increase in world sugar prices will likely allow Brazil to shift some cane originally destined for alcohol into sugar production. Brazil's total area planted to sugarcane for 1986/87 is forecast at 3.9 million hectares. Roughly half of this area (1.9 million hectares) will be harvested for sugar production. The remaining cane (2.0 million hectares) will be used for fuel alcohol production, animal feed and liquor for human consumption.

Sugar production in 1986/87 in Asia is forecast to increase in all six of the largest producing countries. India, the largest producer in this region, is expected to increase sugar output 14 percent to 8.7 million tons due to government policies that support expanded area. The area under cane is forecast to increase to about 3.3 million hectares compared with 3.1 million in 1985/86. After becoming the largest producer of centrifugal sugar in the world, India's production fell by 2 million tons in 1985/86 compared with the high of 9.7 million tons produced in 1981/82.

Sugar production in Indonesia is forecast to increase by 6 percent compared to last season estimate. An increase in harvested area and slightly higher cane yields are expected to boost production. Sugar production in the Philippines is forecast to increase slightly from the 1.4 million tons produced in 1985/86. In Thailand, production is forecast to reach 2.6 million tons, 2 percent above last season.

China is now the world's sixth largest producer of sugar. Sugar production has increased on the average of nearly 350,000 tons annually since 1981. In 1985, beet area harvested increased by 17 percent, but unfavorable weather resulted in a 16-percent decline in beet production. Production for 1986/87 is forecast at 5.2 million tons, 10 percent above the previous year. In 1986/87, sugar from beets is forecast to increase 31 percent while sugar from cane is forecast to increase 7 percent.

South Africa's sugar production is forecast to decline slightly due to reduced acreage. South Africa produced an all-time record crop in 1984/85 but efforts are being made by the government to curtail production.

Australia's sugar production in 1986/87 is forecast at 3.4 million tons, 2 percent above last year, but still slightly below the level of two years ago. Reduced fertilizer inputs, longer ratooning (multiple-year cropping) and less cultivation could have an impact on yields.

Regional sugar production estimates are as follows in million tons (raw basis):

Region	-----1985/86-----			-----1986/87-----		
	Beet	Cane	Total	Beet	Cane	Total
North America	2.78	6.35	9.14	2.9	6.4	9.4
South America	.38	12.83	13.22	.5	13.4	13.9
Central America	0	1.80	1.80	0	1.7	1.7
Caribbean	0	8.16	8.16	0	9.0	9.0
EC 12	14.42	.01	14.44	13.8	1/	13.8
Other West Europe	1.04	0	1.04	0.9	0	0.9
East Europe	5.47	0	5.47	5.5	0	5.5
USSR	7.80	0	7.80	8.5	0	8.5
North Africa	0.51	1.39	1.90	0.5	1.4	1.9
Other Africa	0	5.94	5.94	0	6.0	6.0
Middle East	1.89	0.20	2.09	2.1	0.2	2.3
Asia 2/	1.37	20.34	21.71	1.6	22.2	23.8
Oceania	0	3.81	3.81	0	3.8	3.8
Total 3/	35.68	60.83	96.51	36.3	64.2	100.5

1/ Less than 50,000 tons. 2/ Includes Khandsari sugar in India. 3/ May not add due to rounding.

FRUIT

Southern Hemisphere Dried Prune Pack Down Marginally From Last Year.
The 1985/86 dried prune pack in the Southern Hemisphere is estimated at 16,700 tons, marginally below last season's output. Argentina's production is expected to plummet 40 percent due to strong winds and frost during the crucial flowering and fruit setting stages. Current projections indicate that the shortfall in Argentina will be partly moderated by seasonally good packs in Australia and South Africa, and a 36-percent increase in Chile where newly bearing trees and young, high-yielding orchards are expected to boost output to a record 7,500 tons.

Dried prune production in selected countries of the Southern Hemisphere was as follows in 1,000 tons, packed weight basis:

	1983/84	1984/85	1985/86 1/
Argentina	6.5	6.7	4.0
Australia	2.7	3.0	3.2
Chile	4.5	5.5	7.5
South Africa	2.1	1.7	2.0
Total	15.8	16.9	16.7

1/ Preliminary.

Southern Hemisphere Production of Raisins/Sultanas To Be Up.
Southern Hemisphere production of raisins/sultanas during the 1985/86 season is estimated at 125,200 tons, 10 percent greater than the 1984/85 volume. Current assessments indicate packed weight tonnage will rise in all countries except Argentina, where vines sustained extensive wind damage early in the growing cycle.

Increased availability of multi-purpose grapes for drying, coupled with excellent weather conditions, are expected to yield an 82,000-ton Australian pack of light-colored, high-quality fruit. Production in South Africa is projected to rebound to a near-record 30,700 tons after two consecutive years of weather-reduced packs. With harvested area of suitable drying grapes projected to rise 6 percent, prospects appear excellent that Chile will produce another record pack this season.

Raisin/sultana production in selected countries of the Southern Hemisphere is as follows in 1,000 tons, packed weight basis:

	1983/84	1984/85	1985/86 1/
Argentina	7.0	5.8	5.0
Australia	83.0	72.9	82.0
Chile	4.0	6.2	7.5
South Africa	29.8	28.5	30.7
Total	123.8	113.4	125.2

1/ Preliminary.

EXPORT ENHANCEMENT PROGRAM

The status of USDA's Export Enhancement Program as of May 3, 1986, was as follows in metric tons:

Announced

Initiatives	Date Announced	Quantity	Results/Status
30. Algeria Barley	April 17, 1986	500,000	
29. Morocco Dairy Cattle	April 16, 1986	4,000 head	
28. Turkey Dairy Cattle	April 16, 1986	5,000 head	
27. Egypt Dairy Cattle	April 16, 1986	6,000 head	
26. Yemen Poultry Feed	April 14, 1986	150,000	
25. Yugoslavia Wheat	April 10, 1986	200,000	
24. Indonesia Dairy Cattle	April 9, 1986	7,500 head	
23. Syria Wheat	April 8, 1986	700,000	
22. Benin Wheat	April 7, 1986	45,000	
21. Algeria Table Eggs	April 4, 1986	500 million	
20. Iraq Dairy Cattle	April 4, 1986	6,500 head	
19. Jordan Wheat	March 19, 1986	75,000	COMPLETE
18. Tunisia Wheat	March 18, 1986	300,000	Sold 50,000
17. Algeria Wheat Flour	Feb. 25, 1986	100,000	
16. Algeria Semolina	Feb. 11, 1986	250,000	
15. Philippines Wheat	Jan. 7, 1986	150,000	COMPLETE
14. Zaire Wheat	Dec. 27, 1985	40,000	Sold 20,000
13. Nigeria Barley Malt	Dec. 10, 1985	100,000	
12. Iraq Wheat Flour	Dec. 9, 1985	150,000	Sold 75,000
11. Egypt Poultry	Nov. 26, 1985	8,000	COMPLETE
	March 21, 1986	15,000	COMPLETE
10. Zaire Wheat Flour	Nov. 18, 1985	64,000	Sold 45,000
9. Philippines Wheat Flour	Nov. 15, 1985	100,000	Sold 50,000
8. Jordan Rice	Nov. 8, 1985	40,000	Sold 22,700
7. Turkey Wheat	Oct. 16, 1985	500,000	COMPLETE (506,600)
6. Morocco Wheat	Sept. 30, 1985	1,500,000	Sold 860,000
5. Yemen Wheat	Sept. 6, 1985	100,000	Sold 50,000
4. Yemen Wheat Flour	Aug. 20, 1985	50,000	Sold 31,500
	April 14, 1986	100,000	
3. Egypt Wheat	July 26, 1985	500,000	COMPLETE
	Oct. 30, 1985	500,000	Sold 197,500
2. Egypt Wheat Flour	July 2, 1985	600,000	Sold 175,000
1. Algeria Wheat	June 4, 1985	1,000,000	COMPLETE
	April 10, 1986	1,000,000	

Announced to Date 9,430,000 (grain equivalent)
500 million table eggs
23,000 tons frozen poultry
29,000 head dairy cattle

Sold to Date 3,381,500 wheat
516,200 flour, grain equivalent
23,000 frozen poultry
22,900 rice

Bonus \$181.1 million at book value (1,129,900 tons)

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Selected International Prices

Item	:	May 6, 1986	:	Change from	:	A year
	:		:	a week ago	:	ago
ROTTERDAM PRICES 1/		\$ per MT	\$ per bu.	\$ per MT		\$ per MT
Wheat:						
Canadian No. 1 CWRS-13.5%.		N.Q.	--	--		188.00
U.S. No. 2 DNS/NS: 14%....		164.50	4.48	-11.50		176.00
U.S. No. 2 S.R.W.		124.00	3.37	+4.00		151.50
U.S. No. 3 H.A.D.....		160.00	4.35	-7.00		180.00
Canadian No. 1 A: Durum...		N.Q.	--	--		189.50
Feed grains:						
U.S. No. 3 Yellow Corn....		114.00	2.90	+1.00		134.00
Soybeans and meal:						
U.S. No. 2 Yellow.....		216.70	5.90	+3.00		237.50
Brazil 47/48% SoyaPellets		192.00	--	-1.00		149.00
U.S. 44% Soybean Meal....		186.00	--	-2.00		145.00
U.S. FARM PRICES 3/						
Wheat.....		120.51	3.28	-1.10		124.18
Barley.....		63.38	1.38	+63.38		83.59
Corn.....		90.16	2.29	--		104.33
Sorghum.....		86.20	3.91	+1.98		96.78
Broilers.....		1120.38	--	-27.56		1083.78
EC IMPORT LEVIES						
Wheat 5/.....		172.35	4.69	+1.25		58.10
Barley.....		166.80	3.63	+2.70		57.15
Corn.....		152.05	3.86	-1.05		49.95
Sorghum.....		152.05	4.02	-1.45		64.60
Broilers 4/ 6/ 8/.....		318.00	--	-4.00		152.00
EC INTERVENTION PRICES 7/ 9/						
Common wheat(feed quality)		195.75	5.32	-2.45		142.05
Bread wheat (min. quality)		207.85	5.65	-3.10		151.05
Barley and all						
other feed grains.....		195.75	--	-2.45		142.05
Broilers 4/ 6/.....		1410.00	--	+18.00		1027.00
EC EXPORT RESTITUTIONS (subsidies)						
Wheat		98.30	2.68	--		22.95
Barley.....		126.85	2.76	--		N.A.
Broilers 4/ 6/ 8/.....		232.00	--	-1.00		90.00

1/ Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam. 2/ Hundredweight (CWT). 3/ Five-day moving average. 4/ EC category--70 percent whole chicken. 5/ Reflects lower EC export subsidy--down to 20.00 ECU/100 bag effective 9/14/83 from 22.50 ECU/100 bag set in 2/83. 6/ F.o.b. price for R.T.C. broilers at West German border. 7/ Reference price. 8/ Reflects change in level set by EC. 9/ Changes may be due partly to exchange rate fluctuations and/or ECU payments. N.A.=None authorized. N.Q.=Not quoted. Note: Basis June delivery.

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